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PROFILE 2001

A Profile of Small Business Growth and Employment in British Columbia

Western Economic Diversification Canada
Diversification de l'économie de l'Ouest Canada

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HIGHLIGHTS

- In 2000, small business accounted for approximately 98% of all businesses in British Columbia. Micro-businesses (those with fewer than five employees) comprised about 83% of small businesses.
- There were approximately 343,300 small businesses in British Columbia in 2000, which is 4.3% less than a year earlier. The decline was due to a drop in the number of self-employed unincorporated small businesses without paid help.
- An estimated 893,300 people were employed in small business in BC in 2000. This represents 58% of all private sector jobs in the province.
- Among the provinces, British Columbia ranked first in Canada with the highest proportion of Gross Domestic Product (28%) attributed to small business.
- High technology had the fastest growth of new small businesses over the 1995 to 2000 period, expanding at an average annual rate of 7%.
- The Mainland/Southwest region recorded the highest rate of growth in the number of new small businesses, expanding an average of 3.4% per year over the 1995 to 2000 period.
- Women own and operate almost 38% of all small businesses in British Columbia, the highest rate of ownership by women in the country.
- Youth (aged 15 to 34) accounted for 21% of small business owners in 2000, while older workers (those 55 and over) made up 18% of all entrepreneurs.

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Preface

Small business continues to be the primary source of jobs in British Columbia, reflecting an important and ongoing trend toward economic diversification within the provincial economy. *A Profile of Small Business Growth and Employment in British Columbia (Small Business Profile 2001)* is an update of previous versions published annually since 1997. This report documents growth trends in British Columbia in the number of small businesses and their employment in the last decade.

Small Business Profile 2001 is designed to answer some common questions about the role of small business in British Columbia. Key questions are addressed through a review of the number of businesses, job creation activities, self-employment trends, small business contribution to the economy, small business impact on regional economies and the entrepreneurs who own and operate small businesses in British Columbia.

Statistical information contained in this report was prepared by BC STATS with data provided by Statistics Canada from various statistical databases such as the *Business Register*, the *Survey of Employment, Payroll and Hours* and the *Labour Force Survey*.

Small Business Profile 2001 is a collaborative effort between the federal and provincial governments. The report was prepared by Western Economic Diversification Canada, the British Columbia Ministry of Competition, Science and Enterprise and the office of BC STATS in the British Columbia Ministry of Management Services.

More information on small businesses, government programs and services for small businesses, and additional copies of this document can be obtained by contacting:

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1. Small Business Growth

What constitutes a small business?

There are a number of different ways to define 'small business.' The most commonly used definition centres on the number of employees:

- Businesses with fewer than 50 employees and
- businesses operated by a person who is self-employed, but has no paid employees.

Businesses with less than 50 employees are often denoted small and medium enterprises (SMEs).

How many businesses are there in British Columbia?

In 2000, there were 350,600 businesses in British Columbia, of which 343,300 (98%) were small businesses. Self-employed enterprises accounted for over half (55%) of all businesses in the province.

Figure 1: Total number of businesses in BC, 2000

	Number of Businesses	Percent of Total
Total small businesses	**343,300**	**97.9%**
Self-employed without paid help	193,200	55.1%
Businesses with less than 50 employees	150,100	42.8%
Total large businesses	7,300	2.1%
Total all businesses	**350,600**	**100.0%**

SOURCE: STATISTICS CANADA / PREPARED BY BC STATS

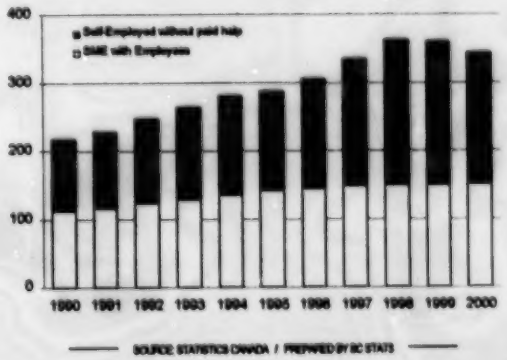
Is the number of small businesses in BC growing?

The total number of small businesses operating in the province fell 4% between 1999 and 2000. The decline was entirely due to a drop in the number of self-employed unincorporated small businesses with no paid help. This coincides with a significant drop in the unemployment rate (from 8.3% in 1999 to 7.2% in 2000) and could be an indication that these workers have shifted to paid employment.

There were almost 1,500 new large businesses (greater than 49 paid employees) in British Columbia in 2000 compared to the previous year, which translates to a 26% increase.

Some of the growth in the number of large enterprises may be due to businesses previously classified as 'small' increasing the number of workers employed and some may be from the creation of new businesses. However, a significant portion is likely the result of a reclassification by Statistics Canada, based on a re-evaluation of employment for a select group of companies. In most cases, business size was revised upward and due to the relatively small number of large businesses, this has translated into a significant increase. Although the number of small businesses will be less as a result of this methodological change, the difference is small relative to the total of all small businesses. As a result, discussion of year-to-year changes is still relevant for the most part.

Figure 2: Number of small businesses in BC (000's), 1990-2000



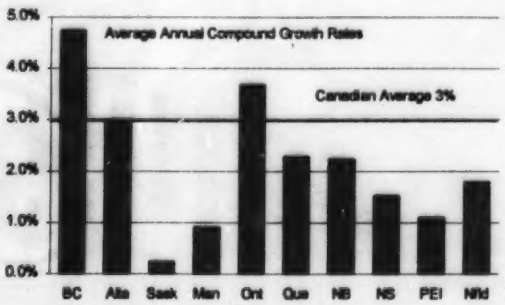
SOURCE: STATISTICS CANADA / PREPARED BY BC STATS

Despite the two consecutive years of declines, the total of 343,300 small businesses in British Columbia is still 59% higher than in 1990, when there were 216,000 small businesses in the province. Most of the growth has occurred in the number of self-employed small businesses (unincorporated, without paid help), which are still 85% greater in number in 2000 compared to 1990 despite falling over the last two years.

How does small business growth in British Columbia compare with other provinces?

The number of small businesses in British Columbia has grown at a faster rate in the last ten years than any other province in Canada. Small business in BC grew at an average annual compound rate of 4.7% between 1990 and 2000. The national average over the same period was only 3.0% and the second highest growth rate was Ontario at a full percentage point less than BC (3.7%). Looking at the average over only the last five years, BC and Ontario were the only provinces to exceed the Canadian average annual rate of growth, although Ontario was ranked first (4.0%), slightly ahead of BC (3.7%).

Figure 3: BC is the leader in small business growth, 1990-2000



SOURCE: STATISTICS CANADA / PREPARED BY BC STATS

How do small businesses measure up?

Most of the small businesses in BC are micro-businesses (0 to 4 employees). The proportion of small businesses that were in this category has dropped in 2000, due to declines in both self-employed without paid help, as well as businesses with 1 to 4 employees. At the same time, small businesses with more than 5 employees increased in number.

Figure 4: Size distribution of small business in BC, 2000

	Number of Businesses	Percent of Total
Total businesses with 0 to 4 employees	**283,900**	**82.7%**
Self-employed without paid help	193,200	56.3%
Businesses with 1 to 4 employees	90,700	26.4%
Businesses with 5 to 19 employees	46,500	13.5%
Businesses with 20 to 49 employees	12,900	3.8%
Total small businesses	**343,300**	**100.0%**

SOURCE: STATISTICS CANADA / PREPARED BY BC STATS

From 1990 to 2000, the average annual compound growth rate of small businesses in British Columbia was 4.7%. Self-employed without paid help have experienced the most growth, with an average of 8,900 small businesses of this type created each year. Overall, small business growth lagged that of large businesses, which grew at an average annual compound rate of 6.2%.

Figure 5: Growth in the number of BC businesses, 1990-2000

	Average Annual Growth (#s)	Annual Compound Growth Rate
Total small business	**12,700**	**4.7%**
Self-employed without paid help	8,900	6.4%
Businesses with 1 to 4 employees	1,900	2.4%
Businesses with 5 to 19 employees	1,400	3.5%
Businesses with 20 to 49 employees	500	5.4%
Total Large Businesses	300	6.2%
Total all businesses	**13,100**	**4.8%**

SOURCE: STATISTICS CANADA / PREPARED BY BC STATS

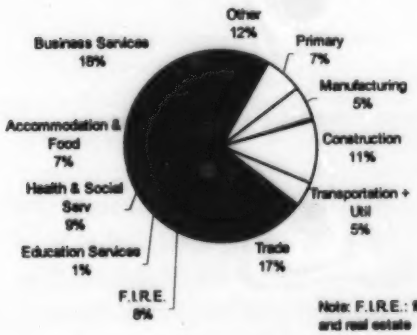
In what sectors are small businesses concentrated?

Over 70 percent of small business in BC are concentrated in the service sector, with the remainder grouped in the goods sector. There is a slightly higher proportion of small businesses with paid employees in the goods sector than is the case with self-employed businesses.

For both businesses with and without paid employees, business services, trade and health & social services are the leading service sector industries. At 11 to 13 percent, the construction industry accounts for a significant fraction of small businesses, both with and without paid employees.

Figure 6a: Small businesses with 1-49 employees

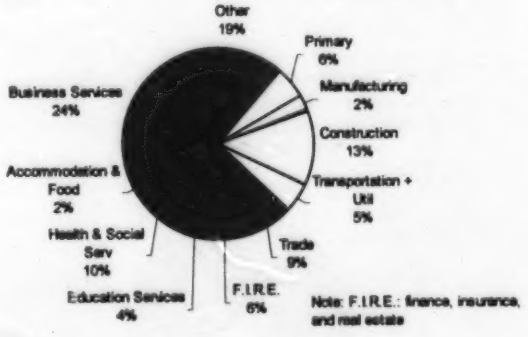
(Total 150,100)



SOURCE: STATISTICS CANADA / PREPARED BY BC STATS

Figure 6b: Small businesses with no paid employees

(Total 193,200)



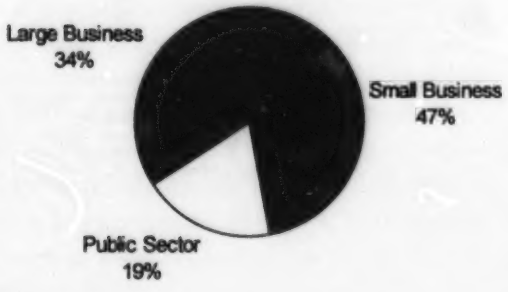
SOURCE: STATISTICS CANADA / PREPARED BY BC STATS

2. Small Business Employment

How many small business jobs are there in British Columbia?

In 2000, there were over 893,300 small business jobs in British Columbia, accounting for 47% of total employment. This is down two percentage points from 1999, as the share of employment in both the public sector and larger businesses increased to 19% and 34% respectively.

Figure 7: Almost half of all jobs in British Columbia were in small business, 2000



SOURCE: STATISTICS CANADA / PREPARED BY BC STATS

The private sector (small and large business) employed 1,544,700 people in 2000. Small business was responsible for 893,300 (58%) of these jobs, down from 910,100 (60%) in 1999. Self-employment accounted for 24% of private sector employment in 2000. In private sector businesses with paid employees, 55% were in large businesses with the remaining 45% in small businesses.

Figure 8: Private sector employment in British Columbia by size of business, 2000

	Employment	Percent of Total
Total small business employment	**893,300**	**58%**
Self-employed	366,100	24%
Employed by small business	527,200	34%
Large business employment	**651,400**	**42%**
Total private sector employment	**1,544,700**	**100%**

SOURCE: STATISTICS CANADA / PREPARED BY BC STATS

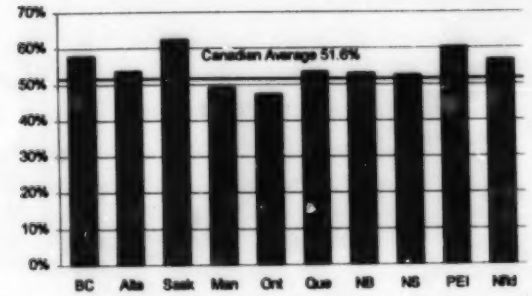
How many jobs has small business created?

Small business employment fell 2% from 1999 to 2000 due to a significant (7%) decline in self-employment. However, over the last five years (between 1995 and 2000) 61,800 jobs were created by small businesses. Self-employed individuals were responsible for all the gains as the number of jobs in small businesses with paid employees actually fell. Small business was responsible for 30% of all jobs created over that five-year period.

How does British Columbia's small business employment compare to other provinces?

Of all provinces in Canada, British Columbia had the third highest percentage of total employment derived from small business. Saskatchewan, with its heavy reliance on family farming, had the highest percentage of private sector small business employment (62%). In British Columbia, 58% of private sector employment is provided by small business, which is 6 percentage points higher than the national average.

Figure 9: British Columbia ranks third in small business as a percent of private sector employment, 2000



SOURCE: STATISTICS CANADA / PREPARED BY BC STATS

British Columbia was not the only province to see a decline in self-employment between 1999 and 2000. In fact, the only province to experience an increase in self-employment was Ontario with almost 2% more self-employed in 2000 compared to 1999. All other provinces recorded falling self-employment, although British Columbia, at just under 7%, lost the most self-employed. Saskatchewan had the next largest drop, at about 6%. The Canadian average was just under a 2% decline.

SELF-EMPLOYMENT

What constitutes self-employment?

People who spend most of their working hours operating their own businesses are classified as "self-employed." The self-employed can be categorised as either incorporated or unincorporated and within each of these categories can be further classified as operating with paid help or without paid help (i.e., working by themselves). This produces four major categories of self-employed workers.

How many self-employed people are there in BC?

In 2000, there were 366,100 self-employed people in British Columbia. Of these, approximately 5,900 worked in family businesses without pay, leaving 360,200 self-employed business owners. This is 27,100 fewer than in 1999. Just over a third of the self-employed operated through incorporated businesses while the remainder was unincorporated. Unincorporated without paid help is the largest category of self-employed, representing 54% of self-employed small businesses.

Figure 10: Number of self-employed business owners in British Columbia, 2000

	With paid help	Without paid help	Total	Percent
Incorporated	80,600	46,100	126,700	35%
Unincorporated	40,300	193,200	233,500	65%
Total self-employment	**120,900**	**239,300**	**360,200**	**100%**

SOURCE: STATISTICS CANADA / PREPARED BY BC STATS

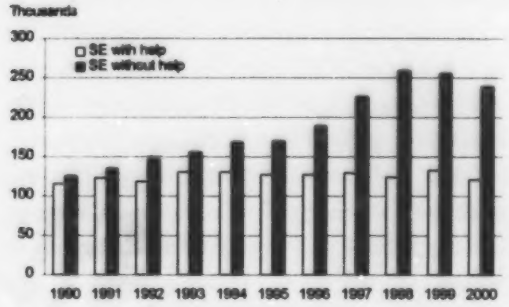
Which categories of self-employed have been growing the fastest?

Since 1990, the number of self-employed businesses without paid help in BC has almost doubled, growing 91% to 239,300 in 2000. In contrast, the number of self-employed with paid help has grown only 5%. As a result, the number of self-employed without paid help is now approximately double that of those with paid help. In 1990, there was almost the same number of self-employed persons without paid help as there was with paid help.

From 1999 to 2000 there was a decline in the numbers of both self-employed with and without paid help. The number of self-employed with paid help fell by 11,600 or 9%. Self-

employed without paid help were 15,600 fewer in number, a drop of 6%.

Figure 11: Self-employed without paid help have grown the fastest, 1990-2000

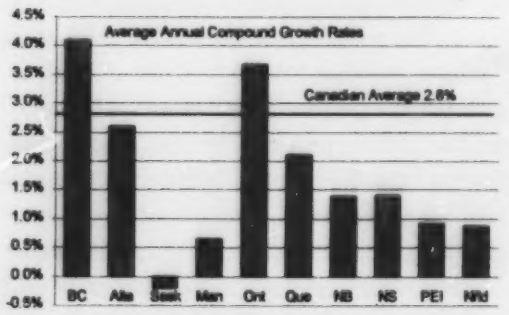


SOURCE: STATISTICS CANADA / PREPARED BY BC STATS

How does self-employment growth in British Columbia compare with other provinces?

Since 1990, British Columbia has led the country in self-employment growth, with an average annual compound rate of 4.1%. The only other province to exceed the national rate of 2.8% was Ontario, with a growth rate of 3.7%.

Figure 12: BC leads self-employment growth, 1990-2000

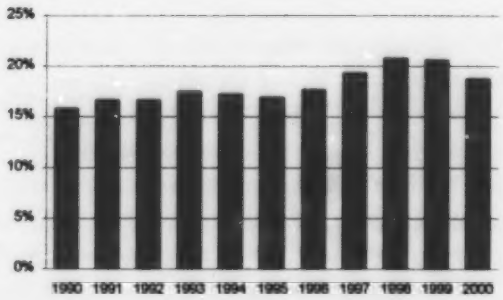


SOURCE: STATISTICS CANADA / PREPARED BY BC STATS

What proportion of total employment is comprised of the self-employed?

Self-employment accounted for 18.8% of total employment in British Columbia in 2000. This proportion is significantly less than the 20.6% share in 1999 and is the lowest it has been since 1996. However, it is still 3 percentage points higher than the 15.8% share recorded in 1990.

Figure 13: British Columbia's self-employment as a percent of total employment, 1990-2000

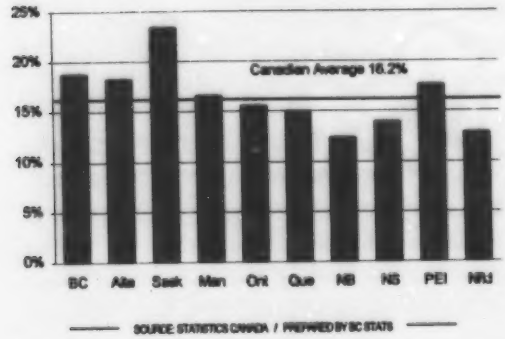


SOURCE: STATISTICS CANADA / PREPARED BY BC STATS

How does British Columbia compare to other provinces?

With the exception of Saskatchewan, British Columbia has a higher proportion of self-employed workers than every other province in Canada. In 2000, British Columbia's percentage of self-employed workers exceeded the national average by 2.6 percentage points. Provinces west of Ontario tended to have a higher proportion of self-employed and, with the exception of Prince Edward Island, were the only provinces that surpassed the Canadian average.

Figure 14: Self-employment as a percent of total employment by province, 2000



Is growth in self-employment a good thing?

Generally, if the number of small businesses grows from one year to the next it is considered a positive sign that the economy is prospering, but is this really the case? With the self-employed with no paid help making up over 26% of small business employment, it is difficult to gauge whether or not growth is a good thing. There are many different reasons why people choose self-employment. For some, self-employment offers an opportunity to pursue a personal interest. Some people prefer the flexibility offered by being their own boss, while others would prefer the stability of paid employment, but simply cannot find a job in their field. Some choose self-employment as an addition to paid employment in order to earn a second income.

Most of the growth in self-employment over the last decade has been of self-employed without paid workers. This could be an indication that the choice of self-employment has been less entrepreneurial-driven and due more to the economic climate and lack of available paid employment.

According to data collected from tax returns, in British Columbia, the average annual employment income was $29,700 in 1998, whereas the average annual self-employment income was only $7,700. Although the percentage of employees working part-time was significantly less the than the percentage of self-employed working part-time (20% versus 27%), this can only partly explain the considerable earnings discrepancy. Overall, the self-employed work, on average, over three hours more per week compared to employees. A more likely explanation for the difference in income is the significant overhead expense associated with self-employment and the fact that earnings are revenue less expenses. In addition, some of those reporting self-employment income may also be working for pay in a second job.

Since income levels for self-employed workers are often far lower compared to those with paid employment, it is difficult to say with any certainty whether an increase or decrease in the number of self-employed is a good or a bad thing. However, self-employment increases the options available to British Columbia workers and plays a critical role in the provincial economy.

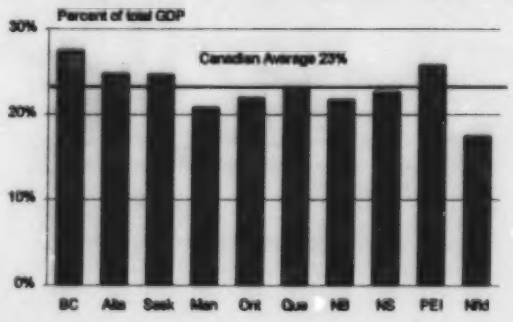
3. Contribution to the Economy

Small business contributes to the provincial economy not only by creating and maintaining jobs, but also through its production of goods and services, and by meeting payrolls that support families and stimulate further economic activity. The key measure of economic production of a sector is referred to as its Gross Domestic Product (GDP). GDP represents the value that a sector adds to the raw inputs it uses, which is a key aspect of the sector's contribution to the economy.

How large is the contribution of small business to BC's economy relative to other provinces?

In 1999 (the latest year for which data is available), British Columbia's small businesses accounted for 28% of GDP, the highest of any province in Canada. The national average was 23% and the proportion was as low as 17% in Newfoundland. Prince Edward Island ranked second at around 26%, two percentage points below BC. This is an indication that small business plays a more significant role in the provincial economy in British Columbia than it does elsewhere in Canada.

Figure 15: British Columbia ranks number one with the highest proportion of GDP comprised of small business, 1999



SOURCE: STATISTICS CANADA / PREPARED BY BC STATS

How does average pay compare between small and large businesses?

Traditionally, on average, small businesses have paid their employees lower wages compared to larger businesses. Small business may offer other advantages that compensate to some extent for this wage shortfall, such as more flexible working hours, but the average difference amounts annually to over $10,000. The average small business employee earned $26,517 in 2000 compared to $36,700 for the average large business employee.

Since 1995, small business pay per employee has increased by 5%, but over the same period, the pay per employee in large businesses (including the public sector) has increased by 7%. The gap between small and large business annual wages has widened from $8,900 in 1995 to $10,200 in 2000.

Figure 16: Changes in average annual earnings, 1995-2000

	Small Business	Large Business
Earnings 1995 (payroll/employee)	$ 25,386	$ 34,294
Earnings 2000 (payroll/employee)	$ 26,517	$ 36,700
Percent Change	5%	7%

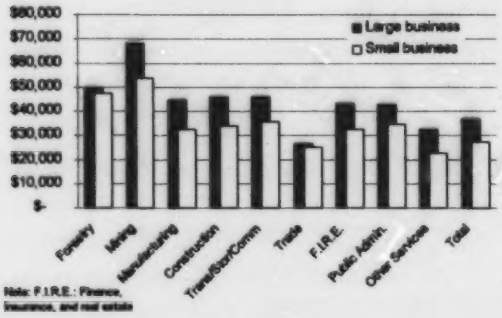
SOURCE: STATISTICS CANADA / PREPARED BY BC STATS

How does average pay compare across industry for small and large businesses?

For all major industry groupings, small business wages lag behind those of businesses with 50 employees or more. The largest gap between small and large business is in the mining, quarrying and oil wells industry at around $14,400, on average. However, the lower small business wage in the mining sec-

tor still exceeds that of the top wage of all other industries. The smallest gap between small and large businesses is in the retail and wholesale trade industries at $1,200, with the logging and forestry sector a close second at just under $2,000. The lowest wages, on average, are paid to those employed in the small businesses in community, business and personal services industries.

Figure 17: Average annual earnings by industry, 2000

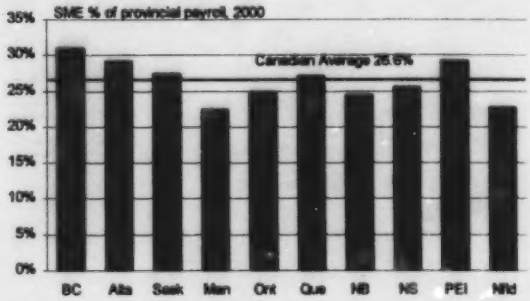


SOURCE: STATISTICS CANADA / PREPARED BY BC STATS

How does BC compare in terms of the portion of total payroll generated by small business?

British Columbia has the highest reliance on small business payroll with 31% of wages paid to workers in 2000 accruing to small businesses. This is almost 2 percentage points higher than Alberta, which ranks second in the country and over 4 percentage points higher than the national average.

Figure 18: British Columbia small business represents 31% of the 2000 provincial payroll



SOURCE: STATISTICS CANADA / PREPARED BY BC STATS

4. Growth Industries

EXPLANATION:

The following information contains comparisons of standard industries, such as business services and retail, and specially defined industries like tourism, high technology and secondary manufacturing. Information is not available concerning "self-employed persons without paid help" within these special industries. Consequently, some figures in this section may differ from other parts of this document.

Many consider industries like tourism, high technology and value-added (secondary) manufacturing to be the most likely engines of growth for the future economy of British Columbia. These types of industries are less reliant on resource extraction, and therefore, are a good fit for small business.

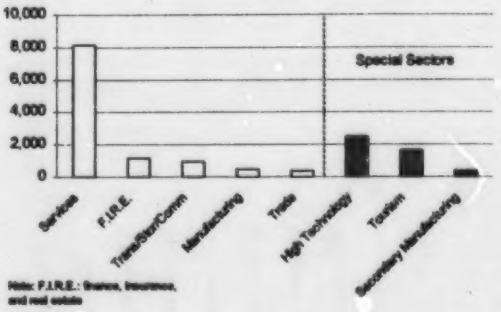
For example, in the high technology sector small businesses comprise 97% of employers. Innovation drives growth in this sector and these services often can be performed efficiently from homes, small offices and small plants by a small number of employees.

NUMBER OF SMALL BUSINESSES

Which industries show the greatest increase in the number of small businesses?

The services sector recorded by far the largest small business growth between 1995 and 2000, with a net addition of almost 8,200 establishments, an average of about 1,600 annually. The services sector is comprised of business service, educational service, health and social service, accommodation, food and beverage service, and other service industries. The next largest growth in number of small businesses was in the finance, insurance and real estate sector, where there was a net gain of over 1,100 establishments.

Figure 19: Number of small businesses—fastest growing sectors in British Columbia, 1995-2000



Note: F.I.R.E.: finance, insurance, and real estate

SOURCE: STATISTICS CANADA / PREPARED BY BC STATS

SPECIAL SECTORS

EXPLANATION:

This section contains information on industries that are not defined by the Standard Industrial Classification (SIC) system used by Statistics Canada. The tourism, high technology and secondary manufacturing sectors are called "Special Sectors" in this section and are in fact composites of smaller parts of traditionally defined industries under the SIC system. Tourism, for example, includes data from parts of the transportation industry, accommodation and food services, and amusement and recreation services, among others. High technology includes both manufacturing and services components.

The three special sectors, high technology, tourism and secondary manufacturing all experienced growth in the number of small businesses between 1995 and 2000. High technology led the way, growing by almost 2,500 businesses. Most of the gains in this sector came from increased activity in high

technology services, as opposed to manufacturing.

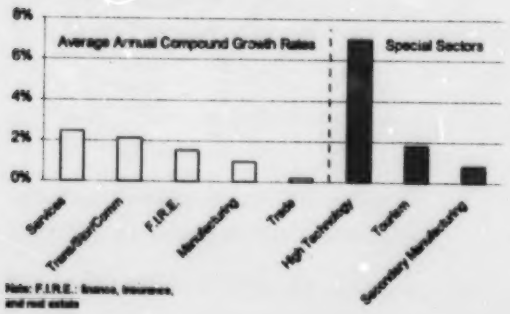
Tourism also showed strong growth, posting a net increase of 1,600 businesses. Secondary manufacturing, which has fewer than half the number of small businesses of the tourism sector, expanded by about 350 businesses.

Which industries show the fastest rates of growth in new businesses?

At 2.4%, services experienced the most rapid annual average compound growth of any sector. Transportation, storage and communications were close behind at 2.1% growth between 1995 and 2000.

In the special sectors, one industry stood out above all others. The annual average compound growth in high technology was 7.0% over the period. Growth in both tourism, at 1.8%, and secondary manufacturing, at 0.8%, was well below that of high technology.

Figure 20: Sector growth rates for number of small businesses, 1995-2000



Note: F.I.R.E.: finance, insurance, and real estate

SOURCE: STATISTICS CANADA / PREPARED BY BC STATS

SMALL BUSINESS EMPLOYMENT

Which industries are experiencing the most job growth?

The services sector was by far the largest provider of new small business jobs over the 1995 to 2000 period. The sector was responsible for a net gain of 14,400 jobs over that interval. The only other area to record a net gain in small business employment was the finance, insurance and real estate sector, with a net increase of 4,900 jobs.

In the special sectors, not only was high technology the leader in small business growth, but it also provided more jobs over the 1995 to 2000 period, with a net increase of 5,100. The tourism sector also increased its number of small business jobs, growing by just under 400 employees. However, in secondary manufacturing there was a significant net decline in small business jobs. From 1995 to 2000, the number of small business secondary manufacturing employees dropped by 3,400.

Figure 21: Small business employment—fastest growing sectors in British Columbia, 1995-2000

Note: F.I.R.E.: finance, insurance, and real estate

SOURCE: STATISTICS CANADA / PREPARED BY BC STATS

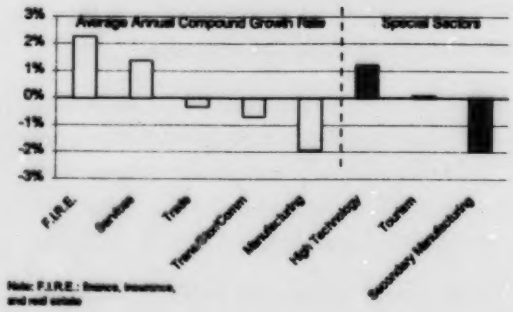
In which industries are employment growth rates the highest?

Finance, insurance and real estate had the highest average annual compound growth in small business employment from 1995 to 2000, at 2.3%. The only other sector with a positive growth rate was the services sector, at 1.4%.

High technology led the way in the special sectors, with a modest annual average growth of 1.2% from 1995 to 2000. This increase was a result of rapid expansion in high technology service employment, which grew at an average annual compound rate of 7.4%. High technology manufacturing, on the other hand, actually experienced a decline over the period, falling at an average rate of 3.4% per year.

Small business employment in the tourism sector was virtually flat over the 1995 to 2000 period, with an average annual rate of only 0.1%, while employment in secondary manufacturing fell at a rate of 2.0%.

Figure 22: Sector growth rate for small business employment in British Columbia, 1995-2000



Note: F.I.R.E.: finance, insurance, and real estate

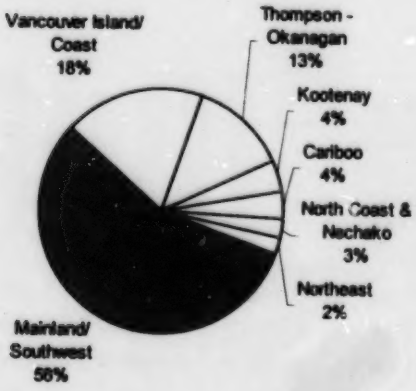
SOURCE: STATISTICS CANADA / PREPARED BY BC STATS

5. Regional Focus

Which regions have the greatest number of small businesses?

Approximately 56% of all small businesses were located in the Mainland/Southwest region in 2000. The Vancouver Island/Coast and Thompson-Okanagan regions were home to 18% and 13% of small businesses, respectively. The remaining regions accounted for 13% of the province's small businesses.

Figure 23: Mainland/Southwest accounted for over half of all small businesses in BC, 2000



SOURCE: STATISTICS CANADA / PREPARED BY BC STATS

In which regions are the greatest number of small businesses forming?

Between 1995 and 2000, the region with the fastest average annual compound growth rate for small businesses was Mainland/ Southwest, at 3.4%. This translates to a net increase of almost 46,000 businesses over the period, which is about 66% of the total provincial change in the number of small businesses. Vancouver Island/Coast also experienced significant growth in small business, with a net increase of over 13,100 businesses at an average annual compound rate of 3.1%. All regions across the province had positive growth in the number of small businesses over the 1995 to 2000 period.

Figure 24: Number of small businesses by region, 1995-2000

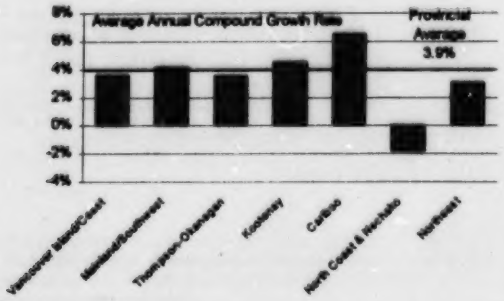
	Average Annual Growth (#s)	Annual Compound Growth Rate
Vancouver Island / Coast	2,600	3.1%
Mainland / Southwest	9,200	3.4%
Thompson - Okanagan	1,000	1.5%
Kootenay	400	1.7%
Cariboo	600	2.9%
North Coast & Nechako	100	0.4%
Northeast	200	2.6%
Provincial Total	14,000	2.9%

SOURCE: STATISTICS CANADA / PREPARED BY BC STATS

In what regions is self-employment growing the fastest?

The Cariboo region led the province in growth of self-employment over the 1995 to 2000 period. At an average annual compound rate of 6.5%, it was two percentage points above the next highest growth rate of 4.5% in the Kootenay region. The only other region to exceed the provincial average of 3.9% was Mainland/Southwest, where self-employment grew at an annual average compound rate of 4.1%. Only one region, the combined North Coast and Nechako, posted a negative growth rate over the period.

Figure 25: Self-employed business growth rate for regions in British Columbia, 1995-2000



SOURCE: STATISTICS CANADA / PREPARED BY BC STATS

In what regions are the "special sectors" growing the fastest?

While small business growth in tourism and secondary manufacturing over the 1995 to 2000 period was moderate for the province as a whole, within certain regions of the province there was much stronger development in these sectors. For the high technology sector, growth was strong in all areas of the province.

In tourism, the Mainland/Southwest region led the way with an average annual compound growth of 3.2% over the period. Some of the more established tourist areas like Vancouver Island/Coast and Thompson-Okanagan experienced less expansion growing at a compound rate of around 1%. In secondary manufacturing, there was very little growth in the Mainland/Southwest, but other regions of the province recorded relatively strong rates of growth.

Figure 26: High technology leads special sector establishment growth throughout BC, 1995-2000

DEVELOPMENT REGION	Tourism		High Technology		Secondary Manufacturing	
	Average Annual Growth (#s)	Average Annual Compound Rate	Average Annual Growth (#s)	Average Annual Compound Rate	Average Annual Growth (#s)	Average Annual Compound Rate
Vancouver Island / Coast	21	0.8%	102	10.1%	15	1.6%
Mainland / Southwest	249	3.2%	295	7.8%	3	0.1%
Thompson – Okanagan	22	1.0%	38	7.2%	25	3.3%
Kootenay	18	2.1%	16	10.0%	11	5.5%
Cariboo	13	1.9%	22	12.5%	5	2.6%
North Coast & Nechako	6	1.1%	14	17.2%	7	6.4%
Northeast	-	0.0%	9	10.0%	4	7.0%

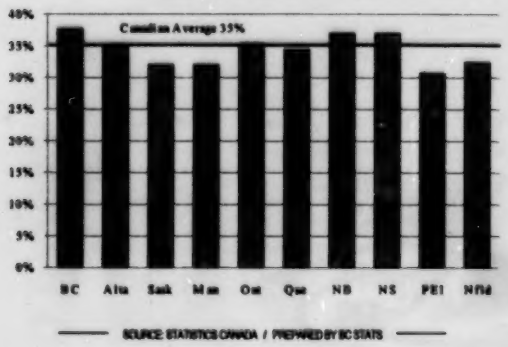
SOURCE: STATISTICS CANADA / PREPARED BY BC STATS

6. Profile of Small Business Entrepreneurs

What proportion of small business owners are women?

Almost 38% of small businesses in British Columbia are owned and operated by women. This figure has risen from about 31% in 1990. British Columbia has the highest share of women operating small businesses in the country, 2.5 percentage points over the Canadian average. Prince Edward Island is at the other end of the scale with the lowest share, at just under 31%.

Figure 27: Proportion of small businesses owned by women, 2000

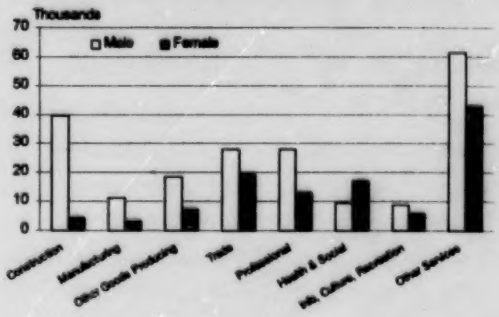


SOURCE: STATISTICS CANADA / PREPARED BY BC STATS

In which sectors are women entrepreneurs most active?

The large majority of small businesses owned by women operate in the service sector. Women are more often owners of small businesses in the health & social services industries than men, but men are in the majority in all other sectors, particularly in construction and goods-producing industries where there are relatively few women. Women represent a large proportion of small business owners in retail and wholesale trade, as well as other services.

Figure 28: Self-employed, by gender and industry of employment 1990-2000

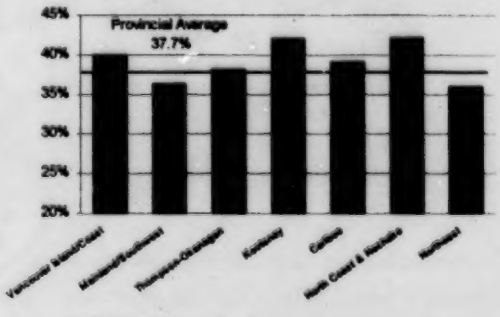


SOURCE: STATISTICS CANADA / PREPARED BY BC STATS

Which regions have the highest proportion of women business owners?

There is a fair amount of variation in the proportion of women entrepreneurs by region of the province. The North Coast and Nechako region and the Kootenay region were at the top of the scale in 2000, with 42% of self-employed workers being women. The Northeast and Mainland/Southwest regions were at the low end of the scale, with women representing approximately 36% of self-employed workers.

Figure 29: Women as a proportion of self-employed workers in British Columbia, 2000



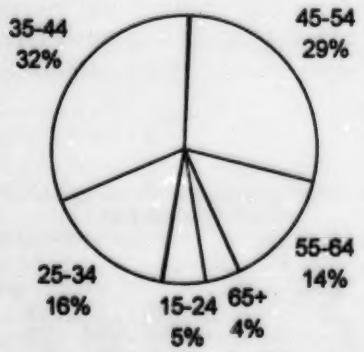
SOURCE: STATISTICS CANADA / PREPARED BY BC STATS

There does not appear to be any single factor that determines the proportion of women that are self-employed, as regions with comparable proportions have very disparate economic structures.

What is the age structure of small business owners?

The majority of small business owners are between the ages of 35 and 55, but there is a significant proportion of younger and older small business owners. Youth (those aged 15 to 34) account for just over one fifth (21%) of all entrepreneurs. Approximately 5% of small business owners are fifteen to twenty-four years of age, while a further 16% are in the twenty-five to thirty-four year old age category. Older workers (those 55 and over) account for about 18% of all entrepreneurs. Most of those are under 65, but 4% of all self-employed are past retirement age.

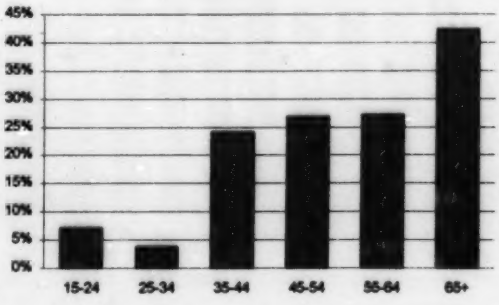
Figure 30: Self-employed by age, 2000



SOURCE: STATISTICS CANADA / PREPARED BY BC STATS

The participation of youth in small business dropped dramatically in the last year with 8,100 fewer self-employed youth in 2000 compared to 1999. This represents over 30% of the overall decline in self-employment. This could be because these young people have moved into paid employment, perhaps on the strength of the experience they gained being self-employed, or perhaps they have gone back to school to further their education and gain more qualifications to make them a better candidate for paid employment. Compared with 1995, there are approximately 5% more people between the ages of fifteen and thirty-four in British Columbia who are self-employed. By contrast, the next lowest growth rate is 24% for those aged thirty-five to forty-four and at the high end, there are 42% more self-employed seniors.

Figure 31: Growth rates of small business owners by age group, 1995-2000



SOURCE: STATISTICS CANADA / PREPARED BY BC STATS

Which regions have the highest proportion of youth in small business?

Regionally, the more populous regions in the southern half of the province have a relatively high proportion of very young entrepreneurs (aged 15 to 24). Vancouver Island/Coast leads the way with 6.1%, Mainland/Southwest has 5.2% and Thompson-Okanagan has 5.0% of overall self-employment comprised of those aged fifteen to twenty-four. In contrast, the remaining regions of the province have virtually no entrepreneurs in this age category.

Technical Notes

All statistics in this document are based on the best data currently available. A comprehensive listing of all businesses operating in British Columbia or elsewhere does not exist; therefore, business counts must be estimated to some extent. BC Stats has combined data from several sources to produce estimates of the total number of large and small businesses operating in British Columbia and other provinces, as well as the employment and payrolls generated by these businesses.

This edition of the Small Business Profile incorporates not only statistical revisions, but also methodological improvements to the calculations of GDP and employment.

The results may differ from estimates produced in other studies using different data and different methodologies. Differences will potentially be more in terms of absolute numbers, rather than direction of trends or the relative standing of British Columbia compared to other provinces.

Data Sources:

Estimates of the number of businesses have been produced using data from Statistics Canada's Business Register and Labour Force Survey.

Estimates of employment and payrolls have been produced using Statistics Canada's Survey of Employment, Payroll and Hours, Employment Dynamics and Labour Force Survey.

All self-employment numbers, including those in the Profile of Small Business Entrepreneurs, have been taken directly from the Labour Force Survey.

Special Sector Definitions:

Tourism includes industries such as transportation, accommodation, food services, and other tourism related activities.

High Technology industries may employ a high proportion of scientists and researchers or invest a high proportion of revenues in research and development. Other industries that produce high technology products are also included.

Secondary manufacturing industries are those that produce goods from the products of other manufacturers. For example, a sawmill is a manufacturing operation, but not a secondary manufacturer, because its logs do not come from another manufacturer. A factory producing wooden doors with lumber obtained from sawmills, on the other hand, is a secondary manufacturer.

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